

Date: March 4, 2014

To: Thomas J. Bonfield, City Manager
Through: Keith Chadwell, Deputy City Manager
From: Reginald J. Johnson, Director
Department of Community Development
Subject: Third Amendment to Contract for Emergency Solutions Grant &
Dedicated Housing Fund Rapid Rehousing Services with Housing for
New Hope

Executive Summary

In February 2013, Council authorized the City Manager to execute a contract with Housing for New Hope (HNH) to provide FY 12-13 Emergency Solutions Grant (ESG) and Dedicated Housing Funds for Rapid Rehousing Services. Council approved a Contract with HNH as a Sub-recipient for a scope of services under Attachment A of that Contract, with the Contract structured in such a way that it could be amended to incorporate FY 13-14 and to extend the term accordingly. The Contract has been amended previously to extend the contract term and make language changes required by the federal Emergency Solutions Grant. This third amendment provides for the continuation of rapid rehousing services by HNH using funds allocated by the City through June 2015.

Recommendation

The Department of Community Development recommends that City Council authorize the expenditure of \$67,621.00 in Emergency Solutions Grant (ESG) funds and \$200,000.00 in Dedicated Housing Funds and authorize the City Manager to execute Amendment Three to (the) Contract for Emergency Solutions Grant and Dedicated Housing Fund Rapid Rehousing Services with Housing for New Hope, increasing the total contract amount to \$547,175.00 and extending the term to June 30, 2015.

Background

In 2009, President Obama signed the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act. The HEARTH Act has shifted the response to homelessness from one that simply manages the issue at the program level to one that prevents and ends homelessness at the system level. As a result, Rapid Rehousing (RRH) has been identified as a program model that is both cost effective and efficient at ending homelessness. The City of Durham initially implemented RRH in 2009 through stimulus funding from the Homeless Prevention and Rapid Rehousing Program (HPRP). Housing for New Hope was the subrecipient for the HPRP funding, implementing Durham's first RRH model. As a result of the success of HPRP nationally, the Department of Housing and Urban Development (HUD) revised regulations for its ESG program requiring funding for the RRH program type for a minimum portion of the total funding. Additionally, City Council approved \$200,000.00 in Dedicated Housing Funds as a part of the FY 13-14 budget for rapid rehousing. No new services will be funded by this Amendment. The Amendment will continue existing services through June of 2015 under this Amendment.

Issues and Analysis

Housing for New Hope is the sole service provider responding through the 2013-14 City ESG application process to implement RRH. HNH has demonstrated experience and capacity to implement RRH. Current highlight results from the initial City investment are:

Total Number Served	<i>166 Persons</i> <ul style="list-style-type: none">• <i>41 single adults</i>• <i>125 persons in families (76 Children)</i>
Average <u>Family</u> Household Size	<i>3.3 Persons</i>
Average <u>Daily</u> Cost Per Person Housed in Private Rental Housing (<u>City</u>)	<i>\$8.85 (persons in families including children)</i> <i>\$9.07 (single adults)</i>
Percent Expenditures for Direct Client Assistance (i.e. Rent, Utilities, Deposits)	<i>66%</i>
Non-City Funding Leveraged (Cash)	<i>\$250,000</i>

As compared to other homeless housing models currently available in Durham in response to homelessness, RRH is proving effective in ending peoples' homelessness. City investment in continuing the RRH contract with Housing for New Hope is a cost effective approach to addressing homelessness in Durham.

Alternatives

The alternative to amending the Housing for New Hope contract would be for City staff to go through another competitive application process for 2013-2014 funding. It should be noted however that Housing for New Hope was the only applicant requesting rapid rehousing funding for the upcoming FY 14-15 fiscal year.

Financial Impact

The requested Emergency Solutions Grant (ESG) and Dedicated Housing Funds necessary to provide homeless and rapid rehousing services are budgeted and available.

The org/object/project codes for the FY 14 funds being added to this contract are as follows:

Dedicated Funding Source: 1940D014-728600-DFSH1
Emergency Solutions Grant: 1830D014-728600-D14HN

SDBE Summary

Not applicable.